



SMMUSD Financial Oversight Committee – Minutes-Amended

Date: Tuesday, April 13, 2010

Time: 7:00 pm to 9:00 pm

**Location: Testing Room, SMMUSD Admin. Offices
1651 16th Street/Santa Monica, CA 90404**

Attendance: (*Committee Members*) Craig Hamilton, Patricia Hoffman, Gordon Lee, Nimish Patel, Paul Silvern and Cynthia Torres [*Chair*]; (*Staff*) Jan Maez; (*Board Liaison*) Ralph Mechur. *Absent: Joan Chu Reese [Vice Chair], Manel Sweetmore, Carrie Wagner and Jose Escarce (Board Liaison).*

Call to Order

The meeting was called to order at 7:05 p.m. by Ms. Torres.

Approval of Minutes 3/9/10

A motion was made by Mr. Silvern and seconded by Mr. Lee to approve the Minutes. Motion passed unanimously.

III. Staff Report: Chief Financial Officer Janece L. Maez (*Limited Discussion*)

A. Budget Update: Ms. Maez gave Committee members an update of the progress of budget development. She indicated that senior staff is providing information in response to individual Board Member questions in preparation for the 5/27/10 Special Board Meeting.

B. Recap of 2009-10 2nd Interim Report: A copy of the 4/8/10 letter from LACOE regarding the concurrence with the District's qualified certification for the 2009-10 2nd Interim Report was included in the meeting materials. Also included was LACOE Bulletin No. 272, *Interim Financial Reports – Definitions and Implications of Qualified and Negative Certifications*. The District self-qualified its 2nd Interim Report, which was approved at the 3/18/10 Board Meeting. Bulletin No. 272 stated that LACOE believes that "...those districts that self-qualify are demonstrating that they are communicating with their stakeholders in resolving their financial difficulties and are being open and transparent in dealing with those issues. In many cases, the districts need additional time to address future budget reductions in order to meet their reserve levels and the self-qualified certification demonstrates the district's commitment to address the budget issues".

C. Classified and Certificated Employees – Furlough Day Letters: Copies of both letters were included in the meeting materials, explaining how furlough days will impact employee paychecks for both 2009-10 and 2010-11. Ms. Maez described the process for implementation, reviewing the complexity of this process.

D. Update on Measure R Annual Process (*Measure R Annual Plan*): A copy of the 4/14/10 Board Item and Annual Plan (previously emailed to FOC members) was included in the meeting materials. Ms. Maez indicated that the public hearing on the annual plan will be held on 4/14/10.

E. Update on Inter-District Permit Discussions with LAUSD: Ms. Maez updated FOC members on the status of the permit students who may be required to return to LAUSD. She explained how LAUSD has backed off their original position and is allowing transfers as in the

past for one additional year. It is expected that LAUSD will implement the new policy during the 2011-12 school year.

IV. Update from Subcommittees:

A. District Revenue Enhancement (*J. Chu Reese, G. Lee, C. Torres, C. Wagner*): The subcommittee has met with Linda Gross and members of the Ed Foundation to discuss revenue enhancement. They are planning to meet again on 4/15/10.

B. Review of Special Education Budget (*C. Hamilton, P. Silvern*): The subcommittee is trying to help the Special Education DAC members understand the District's budget; however they are struggling to understand the Standardized Account Code Structure (SACS) report format. A better understanding is needed by the Special Education DAC to help clarify budget assumptions and use of funds. Ms. Maez described how she is working with the Ad Hoc Committee of the FOC and SEDAC to develop that understanding.

C. District Financial Strategy (*P. Hoffman, N. Patel, M. Sweetmore*): The subcommittee is planning to meet soon.

V. Discussion/Action Items

A. Follow-Up Report on Attendance from Auditor Nicole Guzman: Ms. Torres had asked Ms. Guzman for a follow-up report on attendance testing since her audit report at the 2/9/10 FOC meeting; a copy of Ms. Guzman's report was included in the meeting materials. Her report concluded that the appropriate controls appear to be in place for State compliance and to ensure that the attendance is reported accurately. The auditors recommend that the District keep the policies and procedures in place and maintain the oversight for accurate attendance reporting.

B. Recap of FOC Report to the Board on 3/18/10: At the 3/18/10 Board Meeting, Ms. Torres presented the FOC's report. The report emphasized: the District's dire budget situation and deficit, the actions taken by the Board to address the deficit, the FOC's activities to address the deficit, the reasons for the District choosing to "self-qualify" its 2009-10 2nd Interim Report, additional risks to the District's financial stability, the need to adopt a 2010-11 expenditure reduction plan, the budget development timeline, and concluded with District financial strategy recommendations. Ms. Torres noted that the Board was receptive to and appreciated the FOC's report.

C. Update on Measure A Parcel Tax Election (*Letter to Santa Monica City Council*): Included in the meeting materials was a copy of the letter from Ms. Torres, on behalf of the FOC, encouraging the endorsement of the Measure A parcel tax by the Santa Monica City Council. They voted to approve endorsement at their 3/25/10 City Council meeting. The Malibu City Council, who also received a letter from Ms. Torres, already approved their endorsement of the Measure at their 3/8/10 City Council meeting. Mr. Silvern reported that election activities have increased after the Spring Break. Phone banking is going well, and the mail campaign will begin. Ballots will be mailed to voters beginning on 4/26/10, and completed ballots must be received by the Los Angeles Recorder's Office by 5/25/10. There has already been some opposition, but ~~we are~~ the campaign is hopeful that the Santa Monica Daily Press will endorse the Measure.

D. Budget Adoption Process and Timeline: Ms. Maez explained the budget adoption process, noting the short timeline remaining. It was recommended that the District use an interactive spreadsheet as a tool to assist the Board and the public as decisions are made.

E. Follow-up to Meeting between Senior Staff and Revenue Enhancement Subcommittee:
See item IV.A, above.

F. Measure BB Update: Mr. Hamilton reported that Measure BB projects are moving ahead. Staff is preparing for a workshop that will go into the details of the Program.

G. Strategic Plan Update: The Community Open Houses are taking place on 4/12/10, 4/13/10 and 4/14/10. (Ms. Chu Reese was not in attendance at the FOC meeting as she was at the Community Open House.)

VI. Receive and File (Limited Discussion)

- Draft Senior Exemption Combination Forms for R & A Parcel Taxes
- School Services of California, Inc.: *Fiscal Report (2/26/10, 3/12/10 & 3/26/10)*
- Various SSC *Fiscal Reports*
- EdSource 2010 Resource Cards

VII. Public Comments

None

VIII. Agenda Planning for Next Meeting: May 11, 2010

IX. Adjournment

Meeting adjourned at 8:50 p.m.